

## Message Text

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53

ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-04 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 PA-01

PRS-01 USIA-06 CIAE-00 COME-00 FRB-01 INR-05 NSAE-00

XMB-02 OPIC-03 LAB-01 SIL-01 IGA-01 PC-01 AGR-05

FDRE-00 ARAE-00 IO-04 /079 W  
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P R 231600Z OCT 74

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC PRIORITY 4752

INFO AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

UNCLAS GUATEMALA 5820

FROM ROCAP

E.O. 11652: N/A

SUBJECT: CA MINECONS AGREE ON PREFERENTIAL TREATMENT FOR HONDURAS

1. SUMMARY: MEETING AT SIECA OCT 18-20, THE ECONOMIC MINISTERS OF CENTRAL AMERICA AGREED TO ACCORD NON-RECIPROCAL PREFERENTIAL TREATMENT TO HONDURAS IN ORDER TO HELP ALLEVIATE THE CONSEQUENCES OF HURRICANE FIFI. END SUMMARY.

2. AMONG THE MEASURES REPORTED TO ASSIST HONDURAS IN ITS ECONOMIC CRISIS WERE THE FOLLOWING:

A) ACCORD FREE ENTRY BY NOVEMBER 30 TO HONDURAN PRODUCTS ON LISTS TO BE AGREED UPON IN NEGOTIATIONS TO BEGIN AT ONCE BETWEEN GOH AND OTHER CA TECHNICIANS.

B) LEND THE TECHNICAL ASSISTANCE OF CA REGIONAL FINANCIAL  
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INSTITUTIONS TO THE HONDURAN CENTRAL BANK TO HELP COORDINATE

FINANCIAL HELP BEING OFFERED BY LA CENTRAL BANKS AND THE BANK OF SPAIN.

C) USE CA MONETARY STABILIZATION FUND RESOURCES FOR HONDURAS, AND PREFERENTIALLY REFINANCE HONDURAN DEBIT BALANCES AT THE CENTRAL AMERICAN CLEARING HOUSE.

D) RECOMMEND THAT THE CA INTEGRATION BANK (CABEI) REVIEW ITS BASIC LENDING PROGRAM FOR 1973-1980 SO AS TO SUPPORT PLANS FOR HONDURAN RECONSTRUCTION AND REHABILITATION, WITHOUT PREJUDICE TO REGIONAL DEVELOPMENT PLANS.

E) RECOMMEND THAT CABEI STUDY THE FEASIBILITY OF ESTABLISHING A NATURAL DISASTER FUND (PROPOSED BY GUATEMALAN PRESIDENT LAUGERUD) TO FACILITATE JOINT ACTION IN EMERGENCIES.

F) SUPPORT GOH RELIEF PETITIONS IN INTERNATIONAL FORUMS, PARTICULARLY THE ECLA MEETING IN NEW YORK OCTOBER 21.

3. THE MINECONS' DELIBERATIONS AND RECOMMENDATIONS WERE BASED EXTENSIVELY ON A TECHNICAL DOCUMENT PREPARED BY SIECA. THE SIECA DOCUMENT INCLUDES A WARNING THAT UNLESS THE CA'S TAKE EFFECTIVE JOINT ACTION THEY SOON FACE SOCIO-ECONOMIC CRISES BEYOND THE CAPACITIES OF THEIR INDIVIDUAL ECONOMIES.

4. COMMENT: THIS MEETING OF CA MINECONS WAS NOT THE MEETING PROPOSED BY GOG MINISTER PALOMO LAST MONTH TO ORGANIZE THE INTERIM FUNCTIONING OF THE CACM, PENDING THE APPROVAL OF A NEW GENERAL TREATY (TRATADO MARCO) ON CA SOCIO-ECONOMIC INTEGRATION. HOWEVER, THIS SPECIAL MEETING WAS ALSO CALLED BY PALOMO. IT REFLECTS THE GOG'S (AND SIECA'S) STRONG CONVICTION THAT THE PLIGHT OF HONDURAS--THE SICK NATION OF CENTRAL AMERICA EVEN BEFORE THE RECENT NATURAL DISASTER--COULD LEAD TO SOCIO-ECONOMIC INSTABILITY THROUGHOUT CENTRAL AMERICA. TRAGEN. ALSO PASSED INFO USAID/GUATEMALA.  
ANDREWS

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## Message Attributes

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